
Alaska Telephone Association

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Christine O'Connor
Executive Director

March 21, 2016

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Room TW-A325
Washington, DC 20554

RE: Ex parte filing in WC Docket No. 10-90

Dear Ms. Dortch:

On March 17th the undersigned, joined by Michael Burke from Matanuska Telephone Association in Palmer, AK, Dave Dengel from Copper Valley Telecom in Valdez, AK, Steve Merriam from Arctic Slope Telephone Association Cooperative in Anchorage, AK, Chris Nierman from GCI in Anchorage, AK, John Nakahata, outside counsel for GCI, and Jeff Smith from GVNW Consulting, Inc. met with Matt DelNero, Carol Matthey, and Alexander Minard from the Wireline Competition Bureau and Jim Schlichting from the Wireless Telecommunications Bureau to discuss the Alaska Telephone Association's consensus proposal for an Alaska Infrastructure Fund (AIF).

We expressed our appreciation for the Chairman's statement to Senator Sullivan that he would put the Commission in a position to consider the Alaska Plan in the second quarter of 2016, and for the staff moving forward with working through issues necessary to make that happen. ATA is committed to ensuring the Commission has the information that it needs to act.

We discussed performance obligations for both fixed and mobile broadband service and how achievement of those obligations would be reported. For mobile service, we noted that changes in service levels and associated coverage areas would be reflected in the Form 477 shape files that carriers file twice per year. For rate-of-return carriers, the larger ATA members can supply geo-coded locations for new or upgraded services. We provided a schedule detailing the levels of support which would be distributed under the AIF for both rate-of-return and, assuming all mobile CETCs other than MTA Wireless received support, for mobile voice and broadband service. The schedule also showed the projected amount that would be available to support wireless voice and broadband deployments to unserved areas. We discussed draft rules to ensure the AIF is effective in supporting broadband networks in rural Alaska, particularly underserved and unserved locations.

Ms. Marlene H. Dortch

January 15, 2016

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| Pursuant to Section 1.1206 of the Commission's rules, this ex parte letter is being filed via ECFS in WC Docket 10-90.

Respectfully submitted,

Via ECFS 3/21/2016

Christine O'Connor

Executive Director

cc: Matt DelNero
Carol Matthey
Alexander Minard
Jim Schlichting

Schedule 1

ILEC ETC Support

Schedule 2

CETC Support

**Annualize March 2015 Disbursements to estimate support level resulting from WT Docket No. 10-208*

Non-Remote CETC Funds (Schedule 3)						27,350,796
Matnaska-Kenai, Inc.*	619003	2,040,252	1,849,365	149,847	-	4,039,464
Reduce Non-Remote CETC funds - Change 2011-2014 ILEC (Schedule 4)						(7,403,918)
Amount to be re-targeted to remote areas						\$ 23,986,342 \$ 23,986,342

Alaska Plan Frozen Support	\$ 153,490,255
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Alaska Plan Universal Service Support Schedule

Schedule 3 - Frozen Non-Remote CETC Support

	SAC	FHCS
Dobson Cellular Systems, Inc. - AK-NR	989001	15,775,716
Alaska Digitel LLC -CL -AK-NR	989002	-
Unicom, Inc., -CL -AK-NR	989003	-
GCI Communications Corp. -CL -AK-NR	989004	4,891,680
Mantanuska-Kenai, Inc. -CL -AK-NR	989005	288,576
Alaska Communications System Holding, Inc. -CL -AK-NR	989006	3,982,848
GCI Communications Corp. -AK-NR	989007	2,411,976
Total Frozen Non-Remote CETC Support		\$ 27,350,796

Schedule 4

Change in ILEC ICLS/HCLS Support

2011 - 2014

	SAC	Adjusted 2011 ILEC Support	2014 Total Disbursed ICLS/HCLS	Decrease 2011-2014
Alaska Telephone Company	613017	2,393,700	1,262,206	(1,131,494)
Arctic Slope Telephone Association Cooperative	613001	3,093,663	2,483,336	(610,327)
Bettles	613002	23,940	26,502	2,562
Bristol Bay Telephone Cooperative, Inc	613003	1,083,561	1,133,458	49,897
Bush-Tell, Inc.	613004	718,398	559,094	(159,304)
Circle	613005	40,554	34,932	(5,622)
Copper Valley Telephone Cooperative, Inc.	613006	10,747,986	11,029,050	281,064
Cordova Telephone Cooperative	613007	2,296,074	2,621,443	325,369
Interior Telephone Company, Inc.	613011	3,967,380	2,663,234	(1,304,146)
Ketchikan Public Utilities	613013	4,317,239	4,621,583	304,344
Matanuska Telephone Association	613015	17,054,665	12,528,119	(4,526,546)
Mukluk Telephone Company, Inc.	613016	1,368,720	1,146,232	(222,488)
North Country Tel	613026	83,427	72,761	(10,666)
Nushagak Electric & Telephone Cooperative, Inc.	613018	1,576,076	973,422	(602,654)
OTZ Telephone Cooperative, Inc	613019	2,049,648	1,875,834	(173,814)
Summit Telephone Company	613028	752,611	739,986	(12,625)
United Utilities	613023	3,345,455	3,845,636	500,181
Yukon Telephone Company, Inc.	613025	211,785	104,136	(107,649)
Totat Decrease 2011-2014		\$ 55,124,882	\$ 47,720,964	\$ (7,403,918)

PROPOSED RULE CHANGES TO IMPLEMENT THE ALASKA PLAN
as of March 21, 2016

§54.101 Supported services for rural, insular and high cost areas.

- (a) Services designated for support. Voice Telephony services shall be supported by federal universal service support mechanisms. Eligible voice telephony services must provide voice grade access to the public switched network or its functional equivalent; minutes of use for local service provided at no additional charge to end users; and access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911, to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems; ~~and toll limitation services to qualifying low-income consumers as provided in subpart E of this part.~~
- (b) An eligible telecommunications carrier must offer voice telephony service as set forth in paragraph (a) of this section in order to receive federal universal service support.
- (c) For Alaska Infrastructure Fund Participants (as described in §54.306) and competitive eligible telecommunications carriers serving remote Alaska in the Remote Alaska Mobile Infrastructure Plan (as described in §54.316), broadband Internet access service as defined in §8.2(a) shall be supported by federal universal service support mechanisms, in addition to the services described in paragraph (a) of this section.

* * * *

§54.306 Alaska Infrastructure Fund Option.

- (a) For purposes of subparts A, B, C, D, H, I, J, K and M of this Part, rate-of-return carriers serving Alaska have a one-time option to elect to participate in the Alaska Infrastructure Fund. Carriers exercising this option shall receive the lesser of (1) support as described in §54.901(e) and §54.1310(d), for services described in §54.101(c) or (2) \$3000 annually for each line reported in service as of December 31, 2011 pursuant to §§54.1305 and 54.1306. Carriers exercising this option are referred to throughout this Part as Alaska Infrastructure Fund Participants.
- (b) In order to participate in the Alaska Infrastructure Fund, a rate-of-return carrier must submit a performance and accountability plan to the Wireline Competition Bureau, and the Bureau must approve such plan. The performance plan must include specific performance requirements sufficient to demonstrate that support is being used in accordance with the requirements of these rules and the guidelines set forth by the Commission in [the Alaska Plan Order], and include provisions determining amounts of support that must be refunded or reduced should performance requirements not be achieved. The Wireline Competition Bureau is delegated the authority to specify a process to elect to participate in the Alaska Infrastructure Fund, to submit such plans and to approve such plans.

§54.307 Support to a competitive eligible telecommunications carrier.

- ~~(a) Calculation of support. A competitive eligible telecommunications carrier shall receive universal service support to the extent that the competitive eligible telecommunications carrier captures the subscriber lines of an incumbent local exchange carrier (LEC) or serves new subscriber lines in the incumbent LEC's service area.~~
- ~~(1) A competitive eligible telecommunications carrier serving loops in the service area of a rural incumbent local exchange carrier, as that term is defined in §54.5 of this chapter, shall receive support for each line it serves in a particular service area based on the support the incumbent LEC would receive for each such line, disaggregated by cost zone if disaggregation zones have been established within the service area pursuant to §54.315 of this subpart. A competitive eligible telecommunications carrier serving loops in the service area of a non-rural incumbent local exchange carrier shall receive support for each line it serves in a particular wire center based on the support the incumbent LEC would receive for each such line. A competitive eligible telecommunications carrier serving loops in the service area of a rate-of-return carrier shall be eligible to receive Interstate Common Line Support for each line it serves in the service area in accordance with the formula in §54.901.~~
- ~~(2) A competitive eligible telecommunications carrier that uses switching purchased as unbundled network elements pursuant to §51.307 of this chapter to provide the supported services shall receive the lesser of the unbundled network element price for switching or the per-line DEM support of the incumbent LEC, if any. A competitive eligible telecommunications carrier that uses loops purchased as unbundled network elements pursuant to §51.307 of this chapter to provide the supported services shall receive the lesser of the unbundled network element price for the loop or the incumbent LEC's per-line payment from the high-cost loop support, LTS, and Interstate Common Line Support mechanisms, if any. The incumbent LEC providing nondiscriminatory access to unbundled network elements to such competitive eligible telecommunications carrier shall receive the difference between the level of universal service support provided to the competitive eligible telecommunications carrier and the per-customer level of support that the incumbent LEC would have received.~~
- ~~(3) A competitive eligible telecommunications carrier that provides the supported services using neither unbundled network elements purchased pursuant to §51.307 of this chapter nor wholesale service purchased pursuant to section 251(c)(4) of the Act will receive the full amount of universal service support that the incumbent LEC would have received for that customer.~~
- ~~(b) In order to receive support pursuant to this subpart, a competitive eligible telecommunications carrier must report to the Administrator the number of working loops it serves in a service area pursuant to the schedule set forth in paragraph (c) of this section. For a competitive eligible telecommunications carrier serving loops in the service area of a rural incumbent local exchange carrier, as that term is~~

~~defined in §54.5, the carrier must report, by customer class, the number of working loops it serves in the service area, disaggregated by cost zone if disaggregation zones have been established within the service area pursuant to §54.315. For a competitive eligible telecommunications carrier serving loops in the service area of a non-rural telephone company, the carrier must report the number of working loops it serves in the service area, by customer class if the non-rural telephone company receives Interstate Common Line Support pursuant to §54.901 and by disaggregation zone if disaggregation zones have been established within the service area pursuant to §54.315 of this subpart, and the number of working loops it serves in each wire center in the service area. For universal service support purposes, working loops are defined as the number of working Exchange Line C&WF loops used jointly for exchange and message telecommunications service, including C&WF subscriber lines associated with pay telephones in C&WF Category 1, but excluding WATS closed end access and TWX service. Competitive eligible telecommunications carriers providing mobile wireless service in an incumbent LEC's service area shall use the customer's billing address for purposes of identifying the service location of a mobile wireless customer in a service area.~~

~~(c) A competitive eligible telecommunications carrier must submit the data required pursuant to paragraph (b) of this section according to the schedule.~~

~~(1) No later than July 31st of each year, submit data as of December 31st of the previous calendar year;~~

~~(2) No later than September 30th of each year, submit data as of March 31st of the existing calendar year;~~

~~(3) No later than December 30th of each year, submit data as of June 30th of the existing calendar year;~~

~~(4) No later than March 30th of each year, submit data as of September 30th of the previous calendar year.~~

~~(d) Newly designated eligible telecommunications carriers. Notwithstanding the deadlines in paragraph (c) of this section, a carrier shall be eligible to receive support as of the effective date of its designation as an eligible telecommunications carrier under section 214(e)(2) or (e)(6), provided that it submits the data required pursuant to paragraph (b) of this section within 60 days of that effective date. Thereafter, the eligible telecommunications carrier must submit the data required in paragraph (b) of this section pursuant to the schedule in paragraph (c) of this section.~~

~~(e) Support Beginning January 1, 2012.~~

~~(a)-(d) (reserved)~~

(e) Competitive eligible telecommunications carriers will, beginning January 1, 2012, receive support based on the methodology described in this paragraph ~~and not based on paragraph (a) of this section.~~

Beginning October 1, 2016, support for all competitive eligible telecommunications carriers in Alaska is governed by the Remote Alaska Mobile Infrastructure Plan described in rule 54.316.

~~(1)~~ *Baseline Support Amount.* Each competitive eligible ~~telecommunication~~telecommunications carrier will have a “baseline support amount” equal to its total 2011 support in a given study area, or an amount equal to \$3,000 times the number of reported lines for 2011, whichever is lower. Each competitive eligible telecommunications carrier will have a “monthly baseline support amount” equal to its baseline support amount divided by twelve.

~~(i)~~ “Total 2011 support” is the amount of support disbursed to a competitive eligible ~~telecommunication~~telecommunications carrier for 2011, without regard to prior period adjustments related to years other than 2011 and as determined by the Administrator on January 31, 2012.

(ii) For the purpose of calculating the \$3,000 per line limit, the average of lines reported by a competitive eligible ~~telecommunication~~telecommunications carrier pursuant to line count filings required for December 31, 2010, and December 31, 2011, shall be used. The \$3,000 per line limit shall be applied to support amounts determined for each incumbent study area served by the competitive eligible telecommunications carrier.

(2) *Monthly Support Amounts.* Competitive eligible telecommunications carriers shall receive the following support amounts, except as provided in paragraphs (e)(3) through (e)(6) and (f) of this section.

(i) From January 1, 2012, to June 30, 2012, each competitive eligible telecommunications carrier shall receive its monthly baseline support amount each month.

(ii) From July 1, 2012 to June 30, 2013, each competitive eligible telecommunications carrier shall receive 80 percent of its monthly baseline support amount each month.

(iii) From July 1, 2013, to June 30, 2014, each competitive eligible telecommunications carrier shall receive 60 percent of its monthly baseline support amount each month.

(iv) From July 1, 2014, to June 30, 2015, each competitive eligible telecommunications carrier shall receive 40 percent of its monthly baseline support amount each month.

(v) From July 1, 2015, to June 30, 2016, each competitive eligible telecommunications carrier shall receive 20 percent of its monthly baseline support amount each month.

(vi) Beginning July 1, 2016, no competitive eligible telecommunications carrier shall receive universal service support pursuant to this section.

(3) *Delayed Phase Down for Remote Areas in Alaska.* ~~Certain~~ Certain and Alaska Support Generally. Until September 30, 2016, certain competitive eligible telecommunications carriers serving remote areas in Alaska shall have their support phased down on a later schedule than that described in

paragraph (e)(2) of this section. Beginning October 1, 2016, all competitive eligible telecommunications carriers serving remote areas of Alaska may elect to receive support as described in §54.316 (Remote Alaska Mobile Infrastructure Plan), and all competitive eligible telecommunications carriers serving non-remote areas of Alaska shall receive support as described in §54.316.

(i) Remote Areas in Alaska. For the purpose of this paragraph, “remote areas in Alaska” includes all of Alaska except;

(A) The ACS-Anchorage incumbent study area;

(B) The ACS-Juneau incumbent study area;

(C) The fairbankszone1 disaggregation zone in the ACS-Fairbanks incumbent study area; and

(D) The Chugiak 1 and 2 and Eagle River 1 and 2 disaggregation zones of the

~~Matanuska~~Matanuska Telephone Association incumbent study area.

(ii) Carriers Subject to Delayed Phase Down. A competitive eligible telecommunications carrier shall be subject to the delayed phase down described in paragraph (e)(3) of this section to the extent that it serves remote areas in Alaska, and it certified that it served covered locations in its September 30, 2011, filing of line counts with the Administrator. To the extent a competitive eligible telecommunications carrier serving Alaska is not subject to the delayed phase down, it will be subject to the phase down of support on the schedule described in paragraph (e)(2) of this section until September 30, 2016, and then will be subject to the Remote Alaska Mobile Infrastructure Plan described in §54.316.

(iii) Baseline for Delayed Phase Down. For purpose of the delayed phase down for remote areas in Alaska, the baseline amount for each competitive eligible telecommunications carrier subject to the delayed phase down shall be the annualized monthly support amount received for June 2014 or the last full month prior to the implementation of Mobility Fund Phase II, whichever is later.

(iv) Monthly Support Amounts. Competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska shall receive the following support amounts, except as provided in paragraphs (e)(4) through (e)(6) of this section.

(A) From July 1, 2014 to June 30, 2015, each competitive eligible telecommunications carrier shall receive 80 percent of its monthly baseline support amount each month.

(B) From July 1, 2015, to June 30, 2016, each competitive eligible telecommunications carrier shall receive 60 percent of its monthly baseline support amount each month.

(C) From July 1, 2016, to June 30, 2017, each competitive eligible telecommunications carrier shall receive 40 percent of its monthly baseline support amount each month.

- (D) From July 1, 2017, to June 30, 2018, each competitive eligible telecommunications carrier shall receive 20 percent of its monthly baseline support amount each month.
- (E) Beginning July 1, 2018, no competitive eligible telecommunications carrier serving remote areas in Alaska shall receive universal service support pursuant to this section.
- (v) Interim Support for Remote Areas in Alaska. From January 1, 2012, until June 30, 2014 or the last full month prior to the implementation of Mobility Fund Phase II, whichever is later, competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska shall continue to receive the support, as calculated by the Administrator, that each competitive telecommunications carrier would have received under the frozen per-line support amount as of December 31, 2011 capped at \$3,000 per year, provided that the total amount of support for all such competitive eligible telecommunications carriers shall be capped pursuant to paragraph (e)(3)(v)(A) of this section.
- (A) Cap Amount. The total amount of support available on an annual basis for competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska shall be equal to the sum of "total 2011 support," as defined in paragraph (e)(1)(i) of this section, received by all competitive eligible telecommunications carriers subject to the delayed phase down for serving remote areas in Alaska.
- (B) Reduction Factor. To effectuate the cap, the Administrator shall apply a reduction factor as necessary to the support that would otherwise be received by all competitive eligible telecommunications carriers serving remote areas in Alaska subject to the delayed phase down. The reduction factor will be calculated by dividing the total amount of support available amount by the total support amount calculated for those carriers in the absence of the cap.
- (4) Further reductions. If a competitive eligible telecommunications carrier ceases to provide services to high-cost areas it had previously served, the Commission may reduce its baseline support amount.
- (5) Implementation of Mobility Fund Phase II Required. In the event that the implementation of Mobility Fund Phase II has not occurred by June 30, 2014, competitive eligible telecommunications carriers will continue to receive support at the level described in paragraph (e)(2)(iii) of this section until Mobility Fund Phase II is implemented. In the event that Mobility Fund Phase II for Tribal lands is not implemented by June 30, 2014, competitive eligible telecommunications carriers serving Tribal lands shall continue to receive support at the level described in paragraph (e)(2)(iii) of this section until Mobility Fund Phase II for Tribal lands is implemented, except that competitive eligible telecommunications carriers serving remote areas in Alaska and subject to paragraph (e)(3) of this section shall continue to receive support at the level described in paragraph (e)(3)(v) of this section.

- (6) Eligibility after Implementation of Mobility Fund Phase II. If a competitive eligible telecommunications carrier becomes eligible to receive high-cost support pursuant to the Mobility Fund Phase II, it will cease to be eligible for phase-down support in the first month for which it receives Mobility Fund Phase II support.
- (7) Line Count Filings. Competitive eligible telecommunications carriers, except those subject to the delayed phase down described in paragraph (e)(3) of this section, shall no longer be required to file line counts beginning January 1, 2012. Competitive eligible telecommunications carriers subject to the delayed phase down described in paragraph (e)(3) of this section shall no longer be required to file line counts beginning July 1, 2014, or the date after the first line count filing following the implementation of Mobility Fund Phase II, whichever is later.

* * * *

§54.316 Remote Alaska Mobile Infrastructure Plan.

- (a) Separate Plan for Alaska. Subject to the requirements of this section, certain competitive eligible telecommunications carriers serving remote areas in Alaska as defined in §54.307(e)(3)(i) shall have a one-time option to elect to participate in the Remote Alaska Mobile Infrastructure Plan. Carriers exercising this option shall have their support frozen for a period of ten years, commencing on October 1, 2016, rather than phased down as described in §54.307. Competitive eligible telecommunications carriers serving remote areas in Alaska may also receive additional support for service to unserved remote areas in Alaska as described in paragraph (g)(4) of this section.
- (b) Carriers Eligible for Frozen Support. A competitive eligible telecommunications carrier shall be eligible for frozen support pursuant to the Remote Alaska Mobile Infrastructure Plan if (1) it serves remote areas in Alaska, and it certified that it served covered locations anywhere in remote areas in Alaska in its September 30, 2011 filing of line counts with the Administrator; or (2) is designated as a competitive eligible telecommunications carrier to serve remote areas in Alaska on or after October 1, 2016.
- (c) Interim Support for Remote Areas in Alaska. From January 1, 2012, until October 1, 2016, competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska described in §54.307(e)(3) shall receive support as calculated in §54.307(e)(3)(v).
- (d) Frozen Support beginning October 1, 2016. Beginning October 1, 2016, and continuing until September 30, 2026, each competitive eligible telecommunications carrier eligible for frozen support pursuant to the Remote Alaska Mobile Infrastructure Plan shall receive the annualized monthly support amount it received for December 2014, and shall no longer be required to file line counts.
- (e) Use of Frozen Support. Frozen support for remote areas of Alaska may only be used to provide mobile voice and broadband service in remote areas in Alaska that did not receive 4G LTE service directly from AT&T or Verizon as of December 31, 2014. Carriers eligible for frozen support may use

frozen support to provide mobile voice and broadband service in remote areas of Alaska served by competitive eligible telecommunications carrier partners of Verizon or AT&T if those areas are served using the competitive eligible telecommunications carrier partner's infrastructure To the extent a competitive eligible telecommunications carrier transfers some or all of its customers in remote areas of Alaska to another competitive eligible telecommunications carrier, it may also transfer its frozen support and any associated performance obligations.

(f) *Performance and Accountability Obligations.* In order to receive frozen support, a carrier eligible for frozen support must submit a performance and accountability plan to the Wireless Telecommunications Bureau, and the Bureau must approve such plan. The performance plan must include specific performance requirements sufficient to demonstrate that support is being used in accordance with paragraph (e) of this section, and include provisions determining amounts of support that must be refunded or reduced should performance requirements not be achieved. The Wireless Telecommunications Bureau is delegated the authority to specify a process to elect to participate in the Remote Alaska Mobile Infrastructure Plan, to submit such plans and to approve such plans.

(g) *Support for Unserved Remote Areas in Alaska.* Notwithstanding §54.307, support distributed on or after October 1, 2016, to competitive eligible telecommunications carriers that serve areas in Alaska other than remote areas of Alaska, or that do not elect to receive support under this section and do not receive Mobility Fund Phase II or Tribal Mobility Fund Phase II support, shall be governed by this paragraph.

(1) For the twelve month period starting on October 1, 2016, and ending on September 30, 2017, each of these carriers shall receive 40 percent of the monthly support amount the carrier received for December 2014, for the relevant study area.

(2) For the twelve month period starting on October 1, 2017, and ending on September 30, 2018, each of these carriers shall receive 20 percent of the monthly support amount the carrier received for December 2014, for the relevant study area.

(3) Thereafter, these carriers shall not receive support for the relevant study areas.

(4) Support that would have been distributed to these carriers but for this paragraph (g) of this section, less the amount calculated in §54.1302(c) of this subpart, shall be available to be distributed to competitive eligible telecommunications carriers through the Remote Alaska Mobile Infrastructure Plan to support their deployment of mobile service to remote areas of Alaska that are without commercial mobile radio service as of January 1, 2017. This support shall be distributed by the Commission using a reverse auction, with performance obligations established at the time of such auction.

* * * *

§54.901 Calculation of Interstate Common Line Support.

~~(a) Interstate~~ (a) Except as provided in §54.901(e), interstate Common Line Support available to a rate-of-return carrier shall equal the Common Line Revenue Requirement per Study Area as calculated in accordance with part 69 of this chapter minus:

- (1) The study area revenues obtained from end user common line charges at their allowable maximum as determined by §§69.104(n) and 69.104(o) of this chapter;
 - (2) The carrier common line charge revenues to be phased out pursuant to §69.105 of this chapter;
 - (3) The special access surcharge pursuant to §69.114 of this chapter;
 - (4) The line port costs in excess of basic analog service pursuant to §69.130 of this chapter; and
 - (5) Any Long Term Support for which the carrier is eligible or, if the carrier ceased participation in the NECA common line pool after October 11, 2001, any Long Term Support for which the carrier would have been eligible if it had not ceased its participation in the pool.
- (b) The per-line Interstate Common Line Support available to a competitive eligible telecommunications carrier serving lines in a study area served by a rate-of-return carrier shall be calculated by the Administrator as follows:
- (1) If the rate-of-return carrier has disaggregated the support it receives in the study area pursuant to §54.315, the Administrator shall calculate the amount of Interstate Common Line Support targeted to each disaggregation zone by the rate-of-return carrier (targeted Interstate Common Line Support). If the rate-of-return carrier has chosen not to disaggregate its support for a study area pursuant to §54.315, then the entirety of its Interstate Common Line Support for the study area shall be considered targeted Interstate Common Line Support for purposes of performing the calculations in this section.
 - (2) In each disaggregation zone or undisaggregated study area, the Administrator shall calculate the Average Interstate Common Line Support by dividing the rate-of-return carrier's targeted Interstate Common Line Support by its total lines served.
 - (3) The Administrator shall then calculate the Interstate Common Line Support available to the competitive eligible telecommunications carrier for each line it serves for each customer class in a disaggregation zone or undisaggregated study area by the following formula:
 - (i) If the Average Interstate Common Line Support is greater than \$2.70 multiplied by the number of residential and single-line business lines served by the rate-of-return carrier in the disaggregation zone or undisaggregated study area, then:

- (A) Interstate Common Line Support per Multi-Line Business Line = (Average Interstate Common Line Support – \$2.70 × residential and single-line business lines served by the rate-of-return carrier) ÷ (total lines served by the rate-of-return carrier); and
- (B) Interstate Common Line Support per Residential and Single-Line Business Line = Interstate Common Line Support per Multi-Line Business Line + \$2.70.
- (ii) If the Average Interstate Common Line Support is less than or equal to \$2.70 multiplied by residential and single-line business lines served by the rate-of-return carrier in the disaggregation zone or undisaggregated study area, but greater than \$0, then:
- (A) Interstate Common Line Support per Multi-Line Business Line = \$0; and
- (B) Interstate Common Line Support per Residential and Single-Line Business Line = Average Interstate Common Line Support ÷ residential and single line business lines served by the rate-of-return carrier.
- (iii) If the Average Interstate Common Line Support is equal to \$0, then the competitive eligible telecommunications carrier shall receive no Interstate Common Line Support for lines served in that disaggregation zone or undisaggregated study area.
- (4) Beginning January 1, 2012, competitive eligible telecommunications carriers shall not receive Interstate Common Line Support pursuant to this subpart and will instead receive support consistent with §54.307~~(e)~~ and §54.316.
- (c) Beginning January 1, 2012, for purposes of calculating the amount of Interstate Common Line Support determined pursuant to paragraph (a) of this section that a non-price cap carrier may receive, the corporate operations expense allocated to the Common Line Revenue Requirement, pursuant to §69.409 of this chapter, shall be limited to the lesser of:
- (1) The actual average monthly per-loop corporate operations expense; or
- (2) The portion of the monthly per-loop amount computed pursuant to §36.621(a)(4)(iii) of this chapter that would be allocated to the interstate Common Line Revenue Requirement pursuant to §69.409 of this chapter.
- (d) Support After December 31, 2011. Notwithstanding paragraph (a) of this section, beginning January 1, 2012, no carrier that is a rate-of-return carrier, as that term is defined in §54.5 affiliated with a price cap local exchange carrier, as that term is defined in §61.3(aa) of this chapter, shall receive support under this subpart.
- (e) Beginning October 1, 2016, and continuing until September 30, 2026, each Alaska Infrastructure Fund Participant shall receive Interstate Common Line Support equal its 2011 Interstate Common Line Support in a given study area. For purposes of this subpart, such carrier's 2011 Interstate Common Line Support is equivalent to the amount of support disbursed to that carrier for 2011, less any

reduction made to that carrier's support in 2012 pursuant to §54.901(c). 2011 Interstate Common Line Support shall be calculated without regard to prior period adjustments related to years other than 2011 and as determined by USAC on January 31, 2012.

§54.902 Calculation of Interstate Common Line Support for transferred exchanges.

- (a) In the event that a rate-of-return carrier acquires exchanges from an entity that is also a rate-of-return carrier, Interstate Common Line Support for the transferred exchanges shall be distributed as follows.
 - (1) Each carrier may report its updated line counts to reflect the transfer in the next quarterly line count filing pursuant to §54.903(a)(1) that applies to the period in which the transfer occurred. During a transition period from the filing of the updated line counts until the end of the funding year, the Administrator shall adjust the Interstate Common Line Support received by each carrier based on the updated line counts and the per-line Interstate Common Line Support, categorized by customer class and, if applicable, disaggregation zone, of the selling carrier. If the acquiring carrier does not file a quarterly update of its line counts, it will not receive Interstate Common Line Support for those lines during the transition period.
 - (2) Each carrier's projected data for the following funding year filed pursuant to §54.903(a)(3) shall reflect the transfer of exchanges.
 - (3) Each carrier's actual data filed pursuant to §54.903(a)(4) shall reflect the transfer of exchanges. All post-transaction Interstate Common Line Support shall be subject to true up by the Administrator pursuant to §54.903(b)(3).
- (b) In the event that a rate-of-return carrier acquires exchanges from a price cap carrier that are incorporated into one of the rate-of-return carrier's existing study areas, Interstate Common Line Support for the transferred exchanges shall be distributed as follows.
 - (1) The acquiring carrier may report its updated line counts for the study area into which the acquired lines are incorporated in the next quarterly line count filing pursuant to §54.903(a)(1) that applies to the period in which the transfer occurred. During a transition period from the filing of the updated line counts until the end of the funding year, the Administrator shall adjust the Interstate Common Line Support received by the acquiring carrier based on the updated line counts and the per-line amounts Interstate Common Line Support for the study area served by the acquiring carrier. If necessary, the Administrator shall develop an average per-line support amount to reflect various per-line amounts in multiple disaggregation zones served by the acquiring carrier. If the acquiring carrier does not file a quarterly update of its line counts, it will not receive Interstate Common Line Support for those lines during the transition period.
 - (2) The acquiring carrier's projected data for the following funding year filed pursuant to §54.903(a)(3) shall reflect the transfer of exchanges.

(3) The acquiring carrier's actual data filed pursuant to §54.903(a)(4) shall reflect the transfer of exchanges. All post-transaction Interstate Common Line Support shall be subject to true up by the Administrator pursuant to §54.903(b)(3).

(c) In the event that a rate-of-return carrier acquires exchanges from a price cap carrier that are not incorporated into one of the rate-of-return carrier's existing study areas, Interstate Common Line Support for the transferred exchanges shall be distributed as follows.

(1) The acquiring rate-of-return may submit to the Administrator a projected Interstate Common Line Revenue Requirement for the acquired exchanges for the remainder of the funding year in the next quarterly report to the Administrator. The Administrator shall distribute Interstate Common Line Support pursuant to the partial year projected Interstate Common Line Revenue Requirement for the remainder of the funding year. If the acquiring carrier does not file a projected Interstate Common Line Revenue Requirement, it will not receive Interstate Common Line Support for those exchanges during the transition period.

(2) The acquiring carrier's projected data for the following funding year filed pursuant to §54.903(a)(3) shall reflect the transfer of exchanges.

(3) The acquiring carrier's actual data filed pursuant to §54.903(a)(4) shall reflect the transfer of exchanges. All post-transaction Interstate Common Line Support shall be subject to true up by the Administrator pursuant to §54.903(b)(3)).

(d) In the event that an entity other than a rate-of-return carrier acquires exchanges from a rate-of-return carrier, per-line Interstate Common Line Support will not transfer.

~~(e) To the extent an Alaska Infrastructure Fund Participant transfers some or all of its customers in Alaska to another eligible telecommunications carrier, it may also transfer a proportionate amount of its Alaska Infrastructure Fund support and any associated performance obligations. To the extent another eligible telecommunications carrier that is not an Alaska Infrastructure Fund Participant transfers some or all of its customers to an Alaska Infrastructure Fund Participant, the Alaska Infrastructure Fund Participant may receive support for those customers consistent with the rules in this section.~~

(f) This section does not alter any Commission rule governing the sale or transfer of exchanges, including the definition of "study area" in part 36.

§54.1302 Calculation of incumbent local exchange carrier portion of nationwide loop cost expense adjustment for rate-of-return carriers.

(a) Beginning January 1, 2013, and each calendar year thereafter except as described in paragraphs (b) and (c) of this section, the total annual amount of the incumbent local exchange carrier portion of the nationwide loop cost expense adjustment shall not exceed the amount for the immediately preceding calendar year, multiplied times one plus the Rural Growth Factor calculated pursuant to §54.1303.

~~(b)~~ Beginning October 1, 2016, and each calendar year thereafter until December 31, 2026, the total annual amount of the incumbent local exchange carrier portion of the nationwide loop cost expense adjustment shall not exceed the amount for the immediately preceding calendar year, less the total expense adjustments to be paid to Alaska Infrastructure Fund Participants pursuant to §54.1310(d) of this subpart, multiplied times one plus the Rural Growth Factor calculated pursuant to §54.1303.

(c) Beginning October 1, 2016, and each calendar year thereafter until December 31, 2026, the total annual amount of the incumbent local exchange portion of the nationwide loop cost expense adjustment shall also include the lesser of (1) the total frozen expense adjustments to be paid to Alaska Infrastructure Fund Participants less their Calendar Year 2016 expense adjustments (not including prior period adjustments), or (2) the amount of support not distributed to non-remote Alaska competitive eligible telecommunications carriers as a result of §54.316(g)(4), up to \$7 million.

(d) The annual rural incumbent local exchange carrier portion of the nationwide loop cost expense adjustment shall be reduced to reflect the transfer of rural incumbent local exchange carrier access lines that are eligible for expense adjustments pursuant to §54.1310. The reduction shall equal the amount of the §54.1310 expense adjustment available to the transferred access lines at the time of the transfer and shall be effective in the next calendar quarter after the access lines are transferred.

~~(ee)~~ Safety net additive support calculated pursuant to §54.1304, and transferred high-cost support and safety valve support calculated pursuant to §54.305 of this part shall not be included in the rural incumbent local exchange carrier portion of the annual nationwide loop cost expense adjustment.

* * * *

§54.1310 Expense adjustment.

~~(a) Until~~ (a) Except as provided in §54.1310(d), until June 30, 2015, for study areas reporting 200,000 or fewer working loops pursuant to §54.1305(h), the expense adjustment (additional interstate expense allocation) is equal to the sum of paragraphs (a)(1) and (2) of this section.

(1) Sixty-five percent of the study area average unseparated loop cost per working loop as calculated pursuant to §54.1309(b) in excess of 115 percent of the national average for this cost but not greater than 150 percent of the national average for this cost as calculated pursuant to §54.1309(a) multiplied by the number of working loops reported in §54.1305(h) for the study area; and

(2) Seventy-five percent of the study area average unseparated loop cost per working loop as calculated pursuant to §54.1309(b) in excess of 150 percent of the national average for this cost as

calculated pursuant to §54.1309(a) multiplied by the number of working loops reported in §54.1305(h) for the study area.

~~(b) Beginning~~(b) Except as provided in §54.1310(d), beginning July 1, 2015, the expense adjustment for each study area calculated pursuant to paragraph (a) of this section will be adjusted as follows:

- (1) If the aggregate expense adjustments for all study areas exceed the maximum rural incumbent local exchange carrier portion of nationwide loop cost expense adjustment allowable pursuant to §54.1302~~(a)~~ (the HCLS cap), then each study area's expense adjustment (except for study areas or partial study areas served by Alaska Infrastructure Fund Participants) will be reduced by multiplying it by the ratio of the HCLS cap to the aggregate expense adjustments for all study areas.
- (2) If the aggregate expense adjustments for all study areas are less than the HCLS cap set pursuant to §54.1302~~(a)~~_{1,2}, then the expense adjustments for all study areas pursuant to paragraph (a) of this section shall be recalculated using a cost per loop calculated to produce an aggregate amount equal to the HCLS cap in place of the national average cost per loop.
- (c) The expense adjustment calculated pursuant to paragraphs (a) and (b) of this section shall be adjusted each year to reflect changes in the amount of high-cost loop support resulting from adjustments calculated pursuant to §54.1306(a) made during the previous year. If the resulting amount exceeds the previous year's fund size, the difference will be added to the amount calculated pursuant to paragraphs (a) and (b) of this section for the following year. If the adjustments made during the previous year result in a decrease in the size of the funding requirement, the difference will be subtracted from the amount calculated pursuant to paragraphs (a) and (b) of this section for the following year.
- (d) Beginning October 1, 2016, and continuing until September 30, 2026, each Alaska Infrastructure Fund Participant shall receive an expense adjustment equal to the expense adjustment it received in 2011. For purposes of this subpart, such carrier's 2011 expense adjustment is the amount of the expense adjustment disbursed to that carrier for 2011, without regard to prior period adjustments related to years other than 2011 and as determined by USAC on January 31, 2012.
- (e) To the extent an Alaska Infrastructure Fund Participant transfers some or all of its customers in Alaska to another eligible telecommunications carrier, it may also transfer a proportionate amount of its Alaska Infrastructure Fund support and any associated performance obligations. To the extent another eligible telecommunications carrier that is not an Alaska Infrastructure Fund Participant transfers some or all of its customers to an Alaska Infrastructure Fund Participant, the Alaska Infrastructure Fund Participant may receive support for those customers consistent with the rules in this section.

PROPOSED RULE CHANGES TO IMPLEMENT THE ALASKA PLAN
as of March 21, 2016

§54.101 Supported services for rural, insular and high cost areas.

- (a) Services designated for support. Voice Telephony services shall be supported by federal universal service support mechanisms. Eligible voice telephony services must provide voice grade access to the public switched network or its functional equivalent; minutes of use for local service provided at no additional charge to end users; and access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911, to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems.
- (b) An eligible telecommunications carrier must offer voice telephony service as set forth in paragraph (a) of this section in order to receive federal universal service support.
- (c) For Alaska Infrastructure Fund Participants (as described in §54.306) and competitive eligible telecommunications carriers serving remote Alaska in the Remote Alaska Mobile Infrastructure Plan (as described in §54.316), broadband Internet access service as defined in §8.2(a) shall be supported by federal universal service support mechanisms, in addition to the services described in paragraph (a) of this section.

* * * *

§54.306 Alaska Infrastructure Fund Option.

- (a) For purposes of subparts A, B, C, D, H, I, J, K and M of this Part, rate-of-return carriers serving Alaska have a one-time option to elect to participate in the Alaska Infrastructure Fund. Carriers exercising this option shall receive the lesser of (1) support as described in §54.901(e) and §54.1310(d), for services described in §54.101(c) or (2) \$3000 annually for each line reported in service as of December 31, 2011 pursuant to §§54.1305 and 54.1306. Carriers exercising this option are referred to throughout this Part as Alaska Infrastructure Fund Participants.
- (b) In order to participate in the Alaska Infrastructure Fund, a rate-of-return carrier must submit a performance and accountability plan to the Wireline Competition Bureau, and the Bureau must approve such plan. The performance plan must include specific performance requirements sufficient to demonstrate that support is being used in accordance with the requirements of these rules and the guidelines set forth by the Commission in [the Alaska Plan Order], and include provisions determining amounts of support that must be refunded or reduced should performance requirements not be achieved. The Wireline Competition Bureau is delegated the authority to specify a process to elect to participate in the Alaska Infrastructure Fund, to submit such plans and to approve such plans.

§ 54.307 Support to a competitive eligible telecommunications carrier.

(a)-(d) (reserved)

(e) Competitive eligible telecommunications carriers will, beginning January 1, 2012, receive support based on the methodology described in this paragraph. Beginning October 1, 2016, support for all competitive eligible telecommunications carriers in Alaska is governed by the Remote Alaska Mobile Infrastructure Plan described in rule 54.316.

(1) *Baseline Support Amount.* Each competitive eligible telecommunications carrier will have a “baseline support amount” equal to its total 2011 support in a given study area, or an amount equal to \$3,000 times the number of reported lines for 2011, whichever is lower. Each competitive eligible telecommunications carrier will have a “monthly baseline support amount” equal to its baseline support amount divided by twelve.

(i) “Total 2011 support” is the amount of support disbursed to a competitive eligible telecommunications carrier for 2011, without regard to prior period adjustments related to years other than 2011 and as determined by the Administrator on January 31, 2012.

(ii) For the purpose of calculating the \$3,000 per line limit, the average of lines reported by a competitive eligible telecommunications carrier pursuant to line count filings required for December 31, 2010, and December 31, 2011, shall be used. The \$3,000 per line limit shall be applied to support amounts determined for each incumbent study area served by the competitive eligible telecommunications carrier.

(2) *Monthly Support Amounts.* Competitive eligible telecommunications carriers shall receive the following support amounts, except as provided in paragraphs (e)(3) through (e)(6) and (f) of this section.

(i) From January 1, 2012, to June 30, 2012, each competitive eligible telecommunications carrier shall receive its monthly baseline support amount each month.

(ii) From July 1, 2012 to June 30, 2013, each competitive eligible telecommunications carrier shall receive 80 percent of its monthly baseline support amount each month.

(iii) From July 1, 2013, to June 30, 2014, each competitive eligible telecommunications carrier shall receive 60 percent of its monthly baseline support amount each month.

(iv) From July 1, 2014, to June 30, 2015, each competitive eligible telecommunications carrier shall receive 40 percent of its monthly baseline support amount each month.

(v) From July 1, 2015, to June 30, 2016, each competitive eligible telecommunications carrier shall receive 20 percent of its monthly baseline support amount each month.

(vi) Beginning July 1, 2016, no competitive eligible telecommunications carrier shall receive universal service support pursuant to this section.

(3) Delayed Phase Down for Remote Areas in Alaska and Alaska Support Generally. Until September 30, 2016, certain competitive eligible telecommunications carriers serving remote areas in Alaska shall have their support phased down on a later schedule than that described in paragraph (e)(2) of this section. Beginning October 1, 2016, all competitive eligible telecommunications carriers serving remote areas of Alaska may elect to receive support as described in §54.316 (Remote Alaska Mobile Infrastructure Plan), and all competitive eligible telecommunications carriers serving non-remote areas of Alaska shall receive support as described in §54.316.

(i) Remote Areas in Alaska. For the purpose of this paragraph, “remote areas in Alaska” includes all of Alaska except;

(A) The ACS-Anchorage incumbent study area;

(B) The ACS-Juneau incumbent study area;

(C) The fairbankszone1 disaggregation zone in the ACS-Fairbanks incumbent study area; and

(D) The Chugiak 1 and 2 and Eagle River 1 and 2 disaggregation zones of the Matanuska Telephone Association incumbent study area.

(ii) Carriers Subject to Delayed Phase Down. A competitive eligible telecommunications carrier shall be subject to the delayed phase down described in paragraph (e)(3) of this section to the extent that it serves remote areas in Alaska, and it certified that it served covered locations in its September 30, 2011, filing of line counts with the Administrator. To the extent a competitive eligible telecommunications carrier serving Alaska is not subject to the delayed phase down, it will be subject to the phase down of support on the schedule described in paragraph (e)(2) of this section until September 30, 2016, and then will be subject to the Remote Alaska Mobile Infrastructure Plan described in §54.316.

(iii) Baseline for Delayed Phase Down. For purpose of the delayed phase down for remote areas in Alaska, the baseline amount for each competitive eligible telecommunications carrier subject to the delayed phase down shall be the annualized monthly support amount received for June 2014 or the last full month prior to the implementation of Mobility Fund Phase II, whichever is later.

(iv) Monthly Support Amounts. Competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska shall receive the following support amounts, except as provided in paragraphs (e)(4) through (e)(6) of this section.

(A) From July 1, 2014 to June 30, 2015, each competitive eligible telecommunications carrier shall receive 80 percent of its monthly baseline support amount each month.

(B) From July 1, 2015, to June 30, 2016, each competitive eligible telecommunications carrier shall receive 60 percent of its monthly baseline support amount each month.

- (C) From July 1, 2016, to June 30, 2017, each competitive eligible telecommunications carrier shall receive 40 percent of its monthly baseline support amount each month.
- (D) From July 1, 2017, to June 30, 2018, each competitive eligible telecommunications carrier shall receive 20 percent of its monthly baseline support amount each month.
- (E) Beginning July 1, 2018, no competitive eligible telecommunications carrier serving remote areas in Alaska shall receive universal service support pursuant to this section.
- (v) Interim Support for Remote Areas in Alaska. From January 1, 2012, until June 30, 2014 or the last full month prior to the implementation of Mobility Fund Phase II, whichever is later, competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska shall continue to receive the support, as calculated by the Administrator, that each competitive telecommunications carrier would have received under the frozen per-line support amount as of December 31, 2011 capped at \$3,000 per year, provided that the total amount of support for all such competitive eligible telecommunications carriers shall be capped pursuant to paragraph (e)(3)(v)(A) of this section.
- (A) Cap Amount. The total amount of support available on an annual basis for competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska shall be equal to the sum of "total 2011 support," as defined in paragraph (e)(1)(i) of this section, received by all competitive eligible telecommunications carriers subject to the delayed phase down for serving remote areas in Alaska.
- (B) Reduction Factor. To effectuate the cap, the Administrator shall apply a reduction factor as necessary to the support that would otherwise be received by all competitive eligible telecommunications carriers serving remote areas in Alaska subject to the delayed phase down. The reduction factor will be calculated by dividing the total amount of support available amount by the total support amount calculated for those carriers in the absence of the cap.
- (4) Further reductions. If a competitive eligible telecommunications carrier ceases to provide services to high-cost areas it had previously served, the Commission may reduce its baseline support amount.
- (5) Implementation of Mobility Fund Phase II Required. In the event that the implementation of Mobility Fund Phase II has not occurred by June 30, 2014, competitive eligible telecommunications carriers will continue to receive support at the level described in paragraph (e)(2)(iii) of this section until Mobility Fund Phase II is implemented. In the event that Mobility Fund Phase II for Tribal lands is not implemented by June 30, 2014, competitive eligible telecommunications carriers serving Tribal lands shall continue to receive support at the level described in paragraph (e)(2)(iii) of this section until Mobility Fund Phase II for Tribal lands is implemented, except that competitive eligible

telecommunications carriers serving remote areas in Alaska and subject to paragraph (e)(3) of this section shall continue to receive support at the level described in paragraph (e)(3)(v) of this section.

- (6) **Eligibility after Implementation of Mobility Fund Phase II.** If a competitive eligible telecommunications carrier becomes eligible to receive high-cost support pursuant to the Mobility Fund Phase II, it will cease to be eligible for phase-down support in the first month for which it receives Mobility Fund Phase II support.
- (7) **Line Count Filings.** Competitive eligible telecommunications carriers, except those subject to the delayed phase down described in paragraph (e)(3) of this section, shall no longer be required to file line counts beginning January 1, 2012. Competitive eligible telecommunications carriers subject to the delayed phase down described in paragraph (e)(3) of this section shall no longer be required to file line counts beginning July 1, 2014, or the date after the first line count filing following the implementation of Mobility Fund Phase II, whichever is later.

* * * *

§54.316 Remote Alaska Mobile Infrastructure Plan.

- (a) *Separate Plan for Alaska.* Subject to the requirements of this section, certain competitive eligible telecommunications carriers serving remote areas in Alaska as defined in §54.307(e)(3)(i) shall have a one-time option to elect to participate in the Remote Alaska Mobile Infrastructure Plan. Carriers exercising this option shall have their support frozen for a period of ten years, commencing on October 1, 2016, rather than phased down as described in §54.307. Competitive eligible telecommunications carriers serving remote areas in Alaska may also receive additional support for service to unserved remote areas in Alaska as described in paragraph (g)(4) of this section.
- (b) *Carriers Eligible for Frozen Support.* A competitive eligible telecommunications carrier shall be eligible for frozen support pursuant to the Remote Alaska Mobile Infrastructure Plan if (1) it serves remote areas in Alaska, and it certified that it served covered locations anywhere in remote areas in Alaska in its September 30, 2011 filing of line counts with the Administrator; or (2) is designated as a competitive eligible telecommunications carrier to serve remote areas in Alaska on or after October 1, 2016.
- (c) *Interim Support for Remote Areas in Alaska.* From January 1, 2012, until October 1, 2016, competitive eligible telecommunications carriers subject to the delayed phase down for remote areas in Alaska described in §54.307(e)(3) shall receive support as calculated in §54.307(e)(3)(v).
- (d) *Frozen Support beginning October 1, 2016.* Beginning October 1, 2016, and continuing until September 30, 2026, each competitive eligible telecommunications carrier eligible for frozen support pursuant to the Remote Alaska Mobile Infrastructure Plan shall receive the annualized monthly support amount it received for December 2014, and shall no longer be required to file line counts.

- (e) *Use of Frozen Support.* Frozen support for remote areas of Alaska may only be used to provide mobile voice and broadband service in remote areas in Alaska that did not receive 4G LTE service directly from AT&T or Verizon as of December 31, 2014. Carriers eligible for frozen support may use frozen support to provide mobile voice and broadband service in remote areas of Alaska served by competitive eligible telecommunications carrier partners of Verizon or AT&T if those areas are served using the competitive eligible telecommunications carrier partner's infrastructure. To the extent a competitive eligible telecommunications carrier transfers some or all of its customers in remote areas of Alaska to another competitive eligible telecommunications carrier, it may also transfer its frozen support and any associated performance obligations.
- (f) *Performance and Accountability Obligations.* In order to receive frozen support, a carrier eligible for frozen support must submit a performance and accountability plan to the Wireless Telecommunications Bureau, and the Bureau must approve such plan. The performance plan must include specific performance requirements sufficient to demonstrate that support is being used in accordance with paragraph (e) of this section, and include provisions determining amounts of support that must be refunded or reduced should performance requirements not be achieved. The Wireless Telecommunications Bureau is delegated the authority to specify a process to elect to participate in the Remote Alaska Mobile Infrastructure Plan, to submit such plans and to approve such plans.
- (g) *Support for Unserved Remote Areas in Alaska.* Notwithstanding §54.307, support distributed on or after October 1, 2016, to competitive eligible telecommunications carriers that serve areas in Alaska other than remote areas of Alaska, or that do not elect to receive support under this section and do not receive Mobility Fund Phase II or Tribal Mobility Fund Phase II support, shall be governed by this paragraph.
- (1) For the twelve month period starting on October 1, 2016, and ending on September 30, 2017, each of these carriers shall receive 40 percent of the monthly support amount the carrier received for December 2014, for the relevant study area.
 - (2) For the twelve month period starting on October 1, 2017, and ending on September 30, 2018, each of these carriers shall receive 20 percent of the monthly support amount the carrier received for December 2014, for the relevant study area.
 - (3) Thereafter, these carriers shall not receive support for the relevant study areas.
 - (4) Support that would have been distributed to these carriers but for this paragraph (g) of this section, less the amount calculated in §54.1302(c) of this subpart, shall be available to be distributed to competitive eligible telecommunications carriers through the Remote Alaska Mobile Infrastructure Plan to support their deployment of mobile service to remote areas of Alaska that are without commercial mobile radio service as of January 1, 2017. This support shall be distributed by the

Commission using a reverse auction, with performance obligations established at the time of such auction.

* * * *

§54.901 Calculation of Interstate Common Line Support.

- (a) Except as provided in §54.901(e), interstate Common Line Support available to a rate-of-return carrier shall equal the Common Line Revenue Requirement per Study Area as calculated in accordance with part 69 of this chapter minus:
 - (1) The study area revenues obtained from end user common line charges at their allowable maximum as determined by §§69.104(n) and 69.104(o) of this chapter;
 - (2) The carrier common line charge revenues to be phased out pursuant to §69.105 of this chapter;
 - (3) The special access surcharge pursuant to §69.114 of this chapter;
 - (4) The line port costs in excess of basic analog service pursuant to §69.130 of this chapter; and
 - (5) Any Long Term Support for which the carrier is eligible or, if the carrier ceased participation in the NECA common line pool after October 11, 2001, any Long Term Support for which the carrier would have been eligible if it had not ceased its participation in the pool.
- (b) The per-line Interstate Common Line Support available to a competitive eligible telecommunications carrier serving lines in a study area served by a rate-of-return carrier shall be calculated by the Administrator as follows:
 - (1) If the rate-of-return carrier has disaggregated the support it receives in the study area pursuant to §54.315, the Administrator shall calculate the amount of Interstate Common Line Support targeted to each disaggregation zone by the rate-of-return carrier (targeted Interstate Common Line Support). If the rate-of-return carrier has chosen not to disaggregate its support for a study area pursuant to §54.315, then the entirety of its Interstate Common Line Support for the study area shall be considered targeted Interstate Common Line Support for purposes of performing the calculations in this section.
 - (2) In each disaggregation zone or undisaggregated study area, the Administrator shall calculate the Average Interstate Common Line Support by dividing the rate-of-return carrier's targeted Interstate Common Line Support by its total lines served.
 - (3) The Administrator shall then calculate the Interstate Common Line Support available to the competitive eligible telecommunications carrier for each line it serves for each customer class in a disaggregation zone or undisaggregated study area by the following formula:

- (i) If the Average Interstate Common Line Support is greater than \$2.70 multiplied by the number of residential and single-line business lines served by the rate-of-return carrier in the disaggregation zone or undisaggregated study area, then:
- (A) Interstate Common Line Support per Multi-Line Business Line = (Average Interstate Common Line Support – \$2.70 × residential and single-line business lines served by the rate-of-return carrier) ÷ (total lines served by the rate-of-return carrier); and
- (B) Interstate Common Line Support per Residential and Single-Line Business Line = Interstate Common Line Support per Multi-Line Business Line + \$2.70.
- (ii) If the Average Interstate Common Line Support is less than or equal to \$2.70 multiplied by residential and single-line business lines served by the rate-of-return carrier in the disaggregation zone or undisaggregated study area, but greater than \$0, then:
- (A) Interstate Common Line Support per Multi-Line Business Line = \$0; and
- (B) Interstate Common Line Support per Residential and Single-Line Business Line = Average Interstate Common Line Support ÷ residential and single line business lines served by the rate-of-return carrier.
- (iii) If the Average Interstate Common Line Support is equal to \$0, then the competitive eligible telecommunications carrier shall receive no Interstate Common Line Support for lines served in that disaggregation zone or undisaggregated study area.
- (4) Beginning January 1, 2012, competitive eligible telecommunications carriers shall not receive Interstate Common Line Support pursuant to this subpart and will instead receive support consistent with §54.307 and §54.316.
- (c) Beginning January 1, 2012, for purposes of calculating the amount of Interstate Common Line Support determined pursuant to paragraph (a) of this section that a non-price cap carrier may receive, the corporate operations expense allocated to the Common Line Revenue Requirement, pursuant to §69.409 of this chapter, shall be limited to the lesser of:
- (1) The actual average monthly per-loop corporate operations expense; or
- (2) The portion of the monthly per-loop amount computed pursuant to §36.621(a)(4)(iii) of this chapter that would be allocated to the interstate Common Line Revenue Requirement pursuant to §69.409 of this chapter.
- (d) Support After December 31, 2011. Notwithstanding paragraph (a) of this section, beginning January 1, 2012, no carrier that is a rate-of-return carrier, as that term is defined in §54.5 affiliated with a price cap local exchange carrier, as that term is defined in §61.3(aa) of this chapter, shall receive support under this subpart.

(e) Beginning October 1, 2016, and continuing until September 30, 2026, each Alaska Infrastructure Fund Participant shall receive Interstate Common Line Support equal its 2011 Interstate Common Line Support in a given study area. For purposes of this subpart, such carrier's 2011 Interstate Common Line Support is equivalent to the amount of support disbursed to that carrier for 2011, less any reduction made to that carrier's support in 2012 pursuant to §54.901(c). 2011 Interstate Common Line Support shall be calculated without regard to prior period adjustments related to years other than 2011 and as determined by USAC on January 31, 2012.

§54.902 Calculation of Interstate Common Line Support for transferred exchanges.

(a) In the event that a rate-of-return carrier acquires exchanges from an entity that is also a rate-of-return carrier, Interstate Common Line Support for the transferred exchanges shall be distributed as follows.

(1) Each carrier may report its updated line counts to reflect the transfer in the next quarterly line count filing pursuant to §54.903(a)(1) that applies to the period in which the transfer occurred. During a transition period from the filing of the updated line counts until the end of the funding year, the Administrator shall adjust the Interstate Common Line Support received by each carrier based on the updated line counts and the per-line Interstate Common Line Support, categorized by customer class and, if applicable, disaggregation zone, of the selling carrier. If the acquiring carrier does not file a quarterly update of its line counts, it will not receive Interstate Common Line Support for those lines during the transition period.

(2) Each carrier's projected data for the following funding year filed pursuant to §54.903(a)(3) shall reflect the transfer of exchanges.

(3) Each carrier's actual data filed pursuant to §54.903(a)(4) shall reflect the transfer of exchanges. All post-transaction Interstate Common Line Support shall be subject to true up by the Administrator pursuant to §54.903(b)(3).

(b) In the event that a rate-of-return carrier acquires exchanges from a price cap carrier that are incorporated into one of the rate-of-return carrier's existing study areas, Interstate Common Line Support for the transferred exchanges shall be distributed as follows.

(1) The acquiring carrier may report its updated line counts for the study area into which the acquired lines are incorporated in the next quarterly line count filing pursuant to §54.903(a)(1) that applies to the period in which the transfer occurred. During a transition period from the filing of the updated line counts until the end of the funding year, the Administrator shall adjust the Interstate Common Line Support received by the acquiring carrier based on the updated line counts and the per-line amounts Interstate Common Line Support for the study area served by the acquiring carrier. If necessary, the Administrator shall develop an average per-line support amount to reflect various per-line amounts in multiple disaggregation zones served by the acquiring carrier. If the acquiring

carrier does not file a quarterly update of its line counts, it will not receive Interstate Common Line Support for those lines during the transition period.

- (2) The acquiring carrier's projected data for the following funding year filed pursuant to §54.903(a)(3) shall reflect the transfer of exchanges.
 - (3) The acquiring carrier's actual data filed pursuant to §54.903(a)(4) shall reflect the transfer of exchanges. All post-transaction Interstate Common Line Support shall be subject to true up by the Administrator pursuant to §54.903(b)(3).
- (c) In the event that a rate-of-return carrier acquires exchanges from a price cap carrier that are not incorporated into one of the rate-of-return carrier's existing study areas, Interstate Common Line Support for the transferred exchanges shall be distributed as follows.
- (1) The acquiring rate-of-return may submit to the Administrator a projected Interstate Common Line Revenue Requirement for the acquired exchanges for the remainder of the funding year in the next quarterly report to the Administrator. The Administrator shall distribute Interstate Common Line Support pursuant to the partial year projected Interstate Common Line Revenue Requirement for the remainder of the funding year. If the acquiring carrier does not file a projected Interstate Common Line Revenue Requirement, it will not receive Interstate Common Line Support for those exchanges during the transition period.
 - (2) The acquiring carrier's projected data for the following funding year filed pursuant to §54.903(a)(3) shall reflect the transfer of exchanges.
 - (3) The acquiring carrier's actual data filed pursuant to §54.903(a)(4) shall reflect the transfer of exchanges. All post-transaction Interstate Common Line Support shall be subject to true up by the Administrator pursuant to §54.903(b)(3).
- (d) In the event that an entity other than a rate-of-return carrier acquires exchanges from a rate-of-return carrier, per-line Interstate Common Line Support will not transfer.
- (e) To the extent an Alaska Infrastructure Fund Participant transfers some or all of its customers in Alaska to another eligible telecommunications carrier, it may also transfer a proportionate amount of its Alaska Infrastructure Fund support and any associated performance obligations. To the extent another eligible telecommunications carrier that is not an Alaska Infrastructure Fund Participant transfers some or all of its customers to an Alaska Infrastructure Fund Participant, the Alaska Infrastructure Fund Participant may receive support for those customers consistent with the rules in this section.
- (f) This section does not alter any Commission rule governing the sale or transfer of exchanges, including the definition of "study area" in part 36.

* * * *

§54.1302 Calculation of incumbent local exchange carrier portion of nationwide loop cost expense adjustment for rate-of-return carriers.

- (a) Beginning January 1, 2013, and each calendar year thereafter except as described in paragraphs (b) and (c) of this section, the total annual amount of the incumbent local exchange carrier portion of the nationwide loop cost expense adjustment shall not exceed the amount for the immediately preceding calendar year, multiplied times one plus the Rural Growth Factor calculated pursuant to §54.1303.
- (b) Beginning October 1, 2016, and each calendar year thereafter until December 31, 2026, the total annual amount of the incumbent local exchange carrier portion of the nationwide loop cost expense adjustment shall not exceed the amount for the immediately preceding calendar year, less the total expense adjustments to be paid to Alaska Infrastructure Fund Participants pursuant to §54.1310(d) of this subpart, multiplied times one plus the Rural Growth Factor calculated pursuant to §54.1303.
- (c) Beginning October 1, 2016, and each calendar year thereafter until December 31, 2026, the total annual amount of the incumbent local exchange carrier portion of the nationwide loop cost expense adjustment shall also include the lesser of (1) the total frozen expense adjustments to be paid to Alaska Infrastructure Fund Participants less their Calendar Year 2016 expense adjustments (not including prior period adjustments), or (2) the amount of support not distributed to non-remote Alaska competitive eligible telecommunications carriers as a result of §54.316(g)(4), up to \$7 million.
- (d) The annual rural incumbent local exchange carrier portion of the nationwide loop cost expense adjustment shall be reduced to reflect the transfer of rural incumbent local exchange carrier access lines that are eligible for expense adjustments pursuant to §54.1310. The reduction shall equal the amount of the §54.1310 expense adjustment available to the transferred access lines at the time of the transfer and shall be effective in the next calendar quarter after the access lines are transferred.
- (e) Safety net additive support calculated pursuant to §54.1304, and transferred high-cost support and safety valve support calculated pursuant to §54.305 of this part shall not be included in the rural incumbent local exchange carrier portion of the annual nationwide loop cost expense adjustment.

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§54.1310 Expense adjustment.

- (a) Except as provided in §54.1310(d), until June 30, 2015, for study areas reporting 200,000 or fewer working loops pursuant to §54.1305(h), the expense adjustment (additional interstate expense allocation) is equal to the sum of paragraphs (a)(1) and (2) of this section.
 - (1) Sixty-five percent of the study area average unseparated loop cost per working loop as calculated pursuant to §54.1309(b) in excess of 115 percent of the national average for this cost but not greater than 150 percent of the national average for this cost as calculated pursuant to §54.1309(a) multiplied by the number of working loops reported in §54.1305(h) for the study area; and

- (2) Seventy-five percent of the study area average unseparated loop cost per working loop as calculated pursuant to §54.1309(b) in excess of 150 percent of the national average for this cost as calculated pursuant to §54.1309(a) multiplied by the number of working loops reported in §54.1305(h) for the study area.
- (b) Except as provided in §54.1310(d), beginning July 1, 2015, the expense adjustment for each study area calculated pursuant to paragraph (a) of this section will be adjusted as follows:
- (1) If the aggregate expense adjustments for all study areas exceed the maximum rural incumbent local exchange carrier portion of nationwide loop cost expense adjustment allowable pursuant to §54.1302 (the HCLS cap), then each study area's expense adjustment (except for study areas or partial study areas served by Alaska Infrastructure Fund Participants) will be reduced by multiplying it by the ratio of the HCLS cap to the aggregate expense adjustments for all study areas.
- (2) If the aggregate expense adjustments for all study areas are less than the HCLS cap set pursuant to §54.1302, then the expense adjustments for all study areas pursuant to paragraph (a) of this section shall be recalculated using a cost per loop calculated to produce an aggregate amount equal to the HCLS cap in place of the national average cost per loop.
- (c) The expense adjustment calculated pursuant to paragraphs (a) and (b) of this section shall be adjusted each year to reflect changes in the amount of high-cost loop support resulting from adjustments calculated pursuant to §54.1306(a) made during the previous year. If the resulting amount exceeds the previous year's fund size, the difference will be added to the amount calculated pursuant to paragraphs (a) and (b) of this section for the following year. If the adjustments made during the previous year result in a decrease in the size of the funding requirement, the difference will be subtracted from the amount calculated pursuant to paragraphs (a) and (b) of this section for the following year.
- (d) Beginning October 1, 2016, and continuing until September 30, 2026, each Alaska Infrastructure Fund Participant shall receive an expense adjustment equal to the expense adjustment it received in 2011. For purposes of this subpart, such carrier's 2011 expense adjustment is the amount of the expense adjustment disbursed to that carrier for 2011, without regard to prior period adjustments related to years other than 2011 and as determined by USAC on January 31, 2012.
- (e) To the extent an Alaska Infrastructure Fund Participant transfers some or all of its customers in Alaska to another eligible telecommunications carrier, it may also transfer a proportionate amount of its Alaska Infrastructure Fund support and any associated performance obligations. To the extent another eligible telecommunications carrier that is not an Alaska Infrastructure Fund Participant transfers some or all of its customers to an Alaska Infrastructure Fund Participant, the Alaska Infrastructure Fund Participant may receive support for those customers consistent with the rules in this section.

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